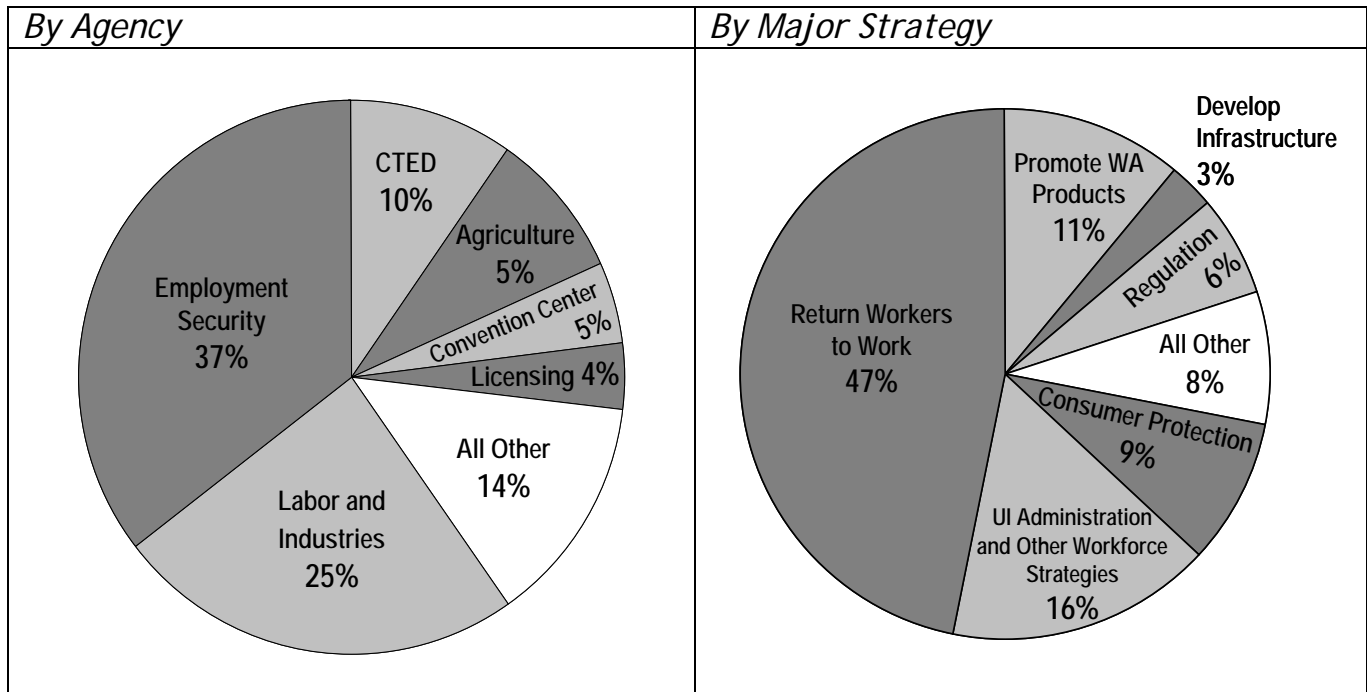


# GMAP Fiscal Report

## Economic Vitality

Biennial Operating Budget = \$1.455 billion All Funds  
\$91.5 million GFS

(Fund Sources: federal, medical aid/accident, dedicated funds, 6% GFS)



### Current Fiscal Status (Major Agencies)

July 2005 - June 2006 Expenditures (as of August 8, 2006)  
Dollars in Thousands

	Estimates-to-date	Actuals-to-date	Current Variance under/(over)	Prior Report
Department of Labor and Industries	\$260,222	\$254,618	1.7%	1.7%
Employment Security Department	264,513	237,918	→11.0%	→11.0%
Community, Trade, and Economic Development	265,997	228,743	→16.4%	→16.4%
Department of Revenue	97,075	94,392	2.8%	3.8%
Department of Agriculture	53,186	54,096	(1.7)%	(.5)%

Please note: Pie charts above are based on agency budget allocation to statewide strategies, where agencies may be split between more than one strategy area (e.g. Economic Vitality, Mobility, Government Efficiency, etc.). However current fiscal status is based on the full agency total, since we do not account by activity.

# GMAP Fiscal Report

## Economic Vitality

### Current Fiscal Status (Selected Program Detail)

July 2005 - June 2006 Expenditures (as of August 8, 2006)

Dollars in Thousands

	Estimates- to-date	Actuals- to-date	% Variance under/(over)	Prior Report
<b>Department of Labor and Industries</b>				
FTE Staff	2,646.1	2,678.8	(1.2)%	(1.5)%
Management Services	\$21,064	\$20,978	.4%	(3.5)%
Insurance Services	123,421	121,533	1.5%	2.1%
Information Services	20,294	20,188	.5%	(1.1)%
WISHA Services	45,055	44,006	2.3%	2.8%
Specialty Compliance Services	32,085	31,644	1.4%	3.4%
Crime Victims' Compensation	18,304	16,270	→11.1%	2.8%
<b>Agency Total</b>	<b>\$260,222</b>	<b>\$254,618</b>	<b>2.2%</b>	<b>1.7%</b>
<b>Employment Security Department</b>				
FTE Staff	2,191.9	1,904.0	13.1%	13.5%
Employment Services	\$49,497	\$42,642	→13.9%	→15.8%
Unemployment Insurance	84,356	83,237	1.3%	(3.9)%
State Programs	6,490	6,376	1.8%	7.0%
Workforce Investment Act	124,169	105,664	→14.9%	→18.9%
<b>Agency Total</b>	<b>\$264,513</b>	<b>\$237,918</b>	<b>10.1%</b>	<b>11.0%</b>
<b>Community, Trade, and Economic Development</b>				
FTE Staff	355.8	328.2	7.8%	7.7%
Administrative Services	\$7,397	\$6,877	7.0%	→17.1%
WorkFirst	0	0	NA	NA
International Trade	2,878	2,753	4.3%	7.6%
Community Services	106,568	91,862	→13.8%	→22.8%
Housing Services	54,597	40,228	→26.3%	→29.3%
State Building Code Council	491	340	→30.8%	→32.6%
Energy Policy	3,077	1,729	→43.8%	→54.4%
Energy Facilities Site Evaluation Council	4,106	3,675	→10.5%	→(37.0)%
Local Government Assistance	67,812	63,288	6.7%	(1.3)%
College Work Study	0	1	NA	NA
Economic Development	19,072	17,990	5.7%	→14.9%
<b>Agency Total</b>	<b>265,997</b>	<b>228,743</b>	<b>14.0%</b>	<b>16.4%</b>
<b>Department of Revenue</b>				
FTE Staff	1,078.0	1,065.5	1.2%	.8%
Tax Administration Services	\$44,440	\$41,224	7.2%	6.7%
Tax Analysis and Interpretation	42,670	43,616	(2.2)%	1.4%
Management Services	9,965	9,552	4.1%	1.9%
<b>Agency Total</b>	<b>\$97,075</b>	<b>\$94,392</b>	<b>2.8%</b>	<b>3.8%</b>
<b>Department of Agriculture</b>				
FTE Staff	671.7	683.9	(1.8)%	(1.4)%
Agency Operations	\$4,298	\$4,575	(6.4)%	→(11.2)%
Commodity Inspection	18,066	18,815	(4.2)%	(.1)%
Food Safety, Animal Health	8,939	8,974	(.4)%	1.5%

# GMAP Fiscal Report

## Economic Vitality

	Estimates- to-date	Actuals- to-date	% Variance under/(over)	Prior Report
Plant Protection	9,324	9,648	(3.5)%	2.0%
Market Development	6,111	6,005	1.7%	(1.5)%
Pesticide Management	6,449	6,079	5.7%	.4%
<b>Agency Total</b>	<b>\$53,186</b>	<b>\$54,096</b>	<b>(1.7)%</b>	<b>1.0%</b>

## Key Fiscal Issues

### Labor and Industries

#### Final Enacted 2006 Supplemental Budget

The agency acquired \$11 million in Other Funds:

- For increased website transactions costs for increased customer usage;
- To add eight electrical inspectors to meet goal of 24-hour turnaround on inspection requests;
- For new technology to combat fraud;
- To add funding for agricultural growers affected by the cholinesterase monitoring regulations. The funding defrays the cost of medical monitoring by health care providers and blood testing by the state's public health lab;
- For increased hospitalization rates for crime victims;
- To add "Failure to Secure" a Load a crime subject to Crime Victims compensation.

#### Expenditure Trends

Crime Victims' Compensation Program is under-spent by 11.1 percent in FY 2006 as of August 8<sup>th</sup>. The total biennial payments for medical and time loss benefits to victims of crime are dependent on several factors outside of the control of L&I, such as: crime rates, the economy, and health insurance coverage. In this case, the Crime Victims Compensation Program (CVCP) expenditures are below estimates because many medical and dental providers have stopped treating eligible victims of a crime because of reduced medical reimbursement rates put into effect in September 2004. These providers dropped out of the program because they could no longer afford to treat crime victims resulting in many victims not having access to the medical care they need. This reduction in service utilization was more than anticipated.

Mental health rates, for example, were reduced 48 percent and soon afterwards utilization for mental health providers dropped by 40 percent. The 2005 Supplemental budget gave CVCP increased appropriation to raise mental health (only) reimbursement rates. Although it is still early and information is limited, it appears that the increase in mental health services provided since the rate increase is only gradual so far. However, the reimbursement for medical doctors and dentists is still at the lower rates and doctors are continuing to drop out of the system. L&I will be requesting increased expenditure authority in the 2007-09 Budget request so the rates can be raised to match fees paid on Workers' Compensation claims.

In the meantime, the utilization through the end of the biennium continues to be unpredictable.

#### Agency Action Plan

Monitor the expenditures closely since they are so unpredictable.

# ***GMAP Fiscal Report***

## **Economic Vitality**

### **Employment Security Department**

#### **Final Enacted 2006 Supplemental Budget**

- \$1.9 million and 24 FTEs will provide additional fraud detection efforts to ensure that Unemployment Insurance payments and rates are equitable.

#### **Expenditure Trends**

Agency-wide actuals-to-date are lower than expected primarily because of Employment Services and Workforce Investment Act under-expenditures.

#### **Employment Services Program under-expenditure of 13.9 percent:**

The under-expenditures are associated with the Trade Act (TAA) program. The TAA funds can be expended only on workers who have been certified as trade-affected by the U.S. Department of Labor. The factors used by the Department of Labor in determining TAA allocations include previous year allocations, accrued expenditures, and participant levels. Participant levels are dependent on the number of workers certified under the program. This year's level of participation will range from 1,000 to 1,100 participants. Currently we are under-spending TAA funds because we do not have the number of participants that we have had in prior years. Unspent TAA funds are carried forward and can be spent up to three years from the time the allocation was awarded.

#### **Workforce Investment Act Program under-expenditure of 14.9 percent:**

The under expenditures are associated with Dislocated Worker funds set aside at the state level for specific layoff or closure events. Because of the recovery of the state's economy, large layoffs and closures have been reduced. This has resulted in a reduced need for Dislocated Worker resources at the local level for helping laid-off workers find employment following a lay-off or closure. Spending initiatives for selected groups of dislocated workers such as long-term unemployed, disabled, disabled veterans or veterans are being implemented in certain local areas to assist not only in spending the funds, but in helping populations who could not be specifically targeted for assistance in a down economy.

The spending in both the Adult and Youth programs has been lower than projected. Some of this lag can also be attributed to the economic recovery. Expenditures have increased over the last quarter. The unspent funds are carried forward and can be spent in future program years, up to three years from the funding award.

#### **Agency Action Plan**

The agency continues to actively develop cost reduction and cost avoidance strategies to reduce and control agency expenses in the areas of facilities, equipment, and supplies.

### **Department of Community, Trade, and Economic Development**

#### **Final Enacted 2006 Supplemental Budget**

\$25 million in General Fund-State and \$25 million in Other Funds for many program increases, including:

- \$7.0 million General Fund-State for repairs to minor league baseball stadiums;
- \$2.5 million General Fund-State one-time funding for Tribal Forest and Fish to replace reduced federal funding and allow tribes to participate;
- \$2.0 million General Fund-State for the sexual assault victim advocates program including: crisis intervention; legal, medical, and general advocacy; therapy services; and prevention;
- \$1.7 million General Fund-State for Drug Task Forces to replace reduced federal funding;
- \$1.6 million General Fund-State for the Employment Resource Center lease;
- \$1.6 million General Fund-State for outdoor recreation projects;

# *GMAP Fiscal Report*

## **Economic Vitality**

- \$1.0 million General Fund-State for Community Services Block Grant to enhance federal appropriations provided to community action agencies;
- \$10.5 million General Fund-Federal for increased federal funding from Community Development Block Grants, loans, remediation of lead-based paint in low-income housing, and a Crime Victim's Assistance Academy;
- \$9.8 million from the Housing Trust Account for housing subsidies;
- \$4.0 million from the Housing Trust Account for housing projects;
- 2 FTEs for the Low Income Home Energy Assistance Program to monitor and provide technical assistance to contractors.

### **Expenditure Trends**

CTED's budget is primarily implemented through contracts with service providers or grants to local entities. For the first fiscal year, contracts and grants comprise 89 percent of the operating budget. The remaining 11 percent represents staff related costs. The timing of contractor billings and pass-through disbursements can be difficult to predict. The majority of CTED's under-expenditures occur when funds are committed through contracts but the actual disbursement of funds takes place in a different month or quarter than originally estimated. Generally speaking, given the large dollar amount that CTED manages through contracts and grants, for the last two biennia there has been only a 10 percent positive variance at the end of the biennium.

**Community Services has an under-expenditure of nearly 14 percent:** Federal money associated with the Low Income Home Energy Assistance grant program is under-spent by approximately \$10 million through fiscal month 12, however it is anticipated that all the available federal dollars will be expended by the end of September. As of August 22nd, the variance is just under \$9 million. Grants to 31 community action agencies for low-income, anti-poverty services that are supported by federal dollars are also spending at a slower rate.

**Housing Services has an under-expenditure of more than 26 percent:** Disbursements of grant funds to local communities for housing programs are lower than originally anticipated. Of the \$14 million in under-expenditures, \$4.2 million is attributable to preservation projects to weatherize homes. These projects are supported primarily by federal dollars and private utility funds. Project schedules have been delayed because local contractors implementing this program have an abundance of work. Slower than anticipated spending has also occurred in Tenant Assistance grants, even though funds are committed. New programs providing federally supported Homeless Housing Assistance were slow to start up resulting in under-expenditures of about \$4.3 million. Housing Trust Fund resources totaling \$3.6 million are being spent more slowly due to startup challenges in new technical assistance programs and delays in information technology projects.

**State Building Code Council has an under-expenditure of 30.8 percent:** The Council, funded by a dedicated account, will likely remain under-spent for the rest of the biennium because a staff vacancy is no longer expected to be fully filled. After a revenue and workload review, the decision was made to keep current staffing level at 4.5 FTEs not 5. The total council budget is \$982,000 and 5 FTEs for the biennium.

**Energy Policy has an under-expenditure of nearly 44 percent:** The Energy Policy Division funds energy-related projects performed by Washington State University. Federal funds support these projects. Fewer projects were funded than originally anticipated based on available federal resources. The Division is managing within the federal revenue available.

**Energy Facilities Site Evaluation Council is under-spent by 10.5 percent:** Planned expenditures for an environmental mitigation project involving land purchases were delayed. However, other expenditures are aligned with original projections.

# ***GMAP Fiscal Report***

## **Economic Vitality**

### **Agency Action Plan**

The agency in partnership with OFM and the Department of Ecology is pursuing an enterprise wide contract, grant and loan management system. Information in this system will help make better cash disbursement projections and track contract and grant dollars as contracts are signed and funds obligated.

### **Department of Revenue**

#### **Final Enacted 2006 Supplemental Budget**

- \$392,000 from the General Fund to pay for additional Attorney's General staff to defend the state against tax challenges. The request corrects an oversight made in the 2005-07 operating budget.
- \$3.9 million from the Real Estate Excise Tax Grant Account for distribution to county governments for the purpose of developing automated tax systems. This request is the result of legislation passed in the 2005 session
- About \$950,000 in General Fund dollars to implement legislation proposed in the 2006 session. This includes tax relief for aerospace businesses and other businesses, and repealing the 5% penalty for issuing tax billings.

### **Expenditure Trends**

Overall the agency is underspent by less than 3 percent.

### **Agency Action Plan**

None needed at this time.

### **Department of Agriculture**

#### **Final Enacted 2006 Supplemental Budget**

- \$1.8 million General Fund-State for various activities, such as raw milk inspections, bio-diesel fuel markets, asparagus mechanization, pandemic flu planning and weights and measures equipment;
- \$609,000 in Other Funds for surface water monitoring and to fund legislation to increase weights and measures device inspections to at least once every two years (closer to the national average of one to 1 ½ years).

### **Expenditure Trends**

Overall agency spending is less than 2 percent overspent: Because most of the department's funding is either biennial appropriation, or non-appropriated, there is no problem with this small over-expenditure at this point in time.

### **Agency Action Plan**

None needed at this time.